

**THE UNITED REPUBLIC OF TANZANIA**  
**NATIONAL EXAMINATIONS COUNCIL OF TANZANIA**  
**FORM TWO NATIONAL ASSESSMENT**

**061**

**COMMERCE**

**Time: 2:30 Hours**

**ANSWERS**

**Year: 2022**

**Instructions**

1. This paper consists of Section **A**, **B** and **C** with a total of **ten (10)** questions
2. Answer **all** questions.
3. Section **A** and **C** carry **fifteen (15)** marks each and section **B** carries **seventy (70)** marks
4. Cellular phones and unauthorized materials are not allowed in the assessment room
5. Write your **Assessment Number** at the top right-hand corner of every page.

**FOR ASSESSOR'S USE ONLY**

<b>QUESTION NUMBER</b>	<b>SCORE</b>	<b>ASSESSOR'S INITIALS</b>
<b>1</b>		
<b>2</b>		
<b>3</b>		
<b>4</b>		
<b>5</b>		
<b>6</b>		
<b>7</b>		
<b>8</b>		
<b>9</b>		
<b>10</b>		
<b>TOTAL</b>		
<b>CHECKER'S INITIALS</b>		

## SECTION A (15 Marks)

Answer all questions.

1. For each of the items (i) - (x), choose the correct answer from the given alternatives and write its letter in the box provided.

(i) Mtokambali from Katavi region is a trader who deals with buying beans in bulk from different regions in Tanzania and sells them in Katavi. The type of trade conducted by Mtokambali is mainly categorized as:

A retail trade

B home trade

C foreign trade

D import trade

Mtokambali buys and sells beans within Tanzania, which is classified as home trade (trade within a country's borders).

Answer: B

(ii) The following are the features of a normal demand curve except

A the curve slope downward from left to right.

B the curve has negative slopes.

C the curve shows that at higher price lower quantities are demanded.

D the curve shows that at higher price larger quantities are demanded.

A normal demand curve slopes downward (negative slope), showing that as price increases, quantity demanded decreases. Option D contradicts this principle.

Answer: D

(iii) Consumers at Kariakoo market buy more of tea when the price of coffee rises. These goods fall under which class of goods from the following?

A Inferior goods

B Complement goods

C Normal goods

D Substitute goods

Tea and coffee are substitutes; when the price of coffee rises, consumers switch to tea, increasing its demand.

Answer: D

(iv) Which one is the most important role played by a wholesaler in the chain of distribution?

A Advertise his product

B Breaking the bulk

C Transport goods

D Provide credit facilities to retailers

The primary role of a wholesaler is breaking the bulk, buying in large quantities from producers and selling in smaller quantities to retailers, facilitating distribution.

Answer: B

(v) An accountant of Kisauti Company is preparing financial statements annually. In which type of labour do the accountant be placed?

A Semi trained labour

B Skilled labour

C Unskilled labour

D Manual labour

An accountant requires specialized knowledge and training, classifying them as skilled labour.

Answer: B

(vi) The process of giving a particular symbol to a product is called

A pre-weighing

B packaging

C branding

D branding name

Giving a particular symbol to a product is branding, which helps identify and differentiate the product in the market.

Answer: C

(vii) Mangi is a trader who buys goods at Tshs. 24,000/= and sells them at Tshs. 30,000/=. What is his mark-up percentage?

A 20%

B 25½%

C 25%

D 8%

Mark-up = (Selling Price - Cost Price) / Cost Price × 100

= (30,000 - 24,000) / 24,000 × 100

= 6,000 / 24,000 × 100 = 25%

Answer: C

(viii) In which category of industry do the process of converting cotton into clothes done?

A Manufacturing

B Constructive

C Extractive

D Direct services

Converting cotton into clothes involves processing raw materials into finished goods, which is a manufacturing industry activity.

Answer: A

(ix) Suppose you have been exposed to a group of successful entrepreneurs; what is the main feature that you expect to observe from them to justify their success?

A Attractive personality

B Product knowledge

C Pleasantness

D Hard working

Successful entrepreneurs are typically characterized by being hard-working, as persistence and effort are key to overcoming challenges and achieving success.

Answer: D

(x) One of your classmates told you that, she plan to be self employed soon after graduating her first degree course: What advantages do you think she will enjoy for being self employed?

A To have long working hours

B To manage business risks

C To get financial rewards

D To create social relations

A key advantage of being self-employed is the potential for financial rewards, as profits go directly to the individual rather than a salary.

Answer: C

2. Match the descriptions of various types of goods in List A with the corresponding types of goods in List B by writing the letter of the correct response below the item number in the table provided.

List A

List B

(i) Goods whose demand decreases with an increase in consumer's income.

A Capital goods

(ii) Goods whose demand increases when the prices increase.

B Perishable goods

(iii) Goods that are scarce and yield utility to an individual.

C Economic goods

(iv) Goods which are produced to assists production of other goods.

D Fragile goods

(v) Goods which have short life span in nature.

E Inferior goods

F Intermediate goods

G Luxury goods

i) Demand decreases with increased income → E (Inferior goods)

ii) Demand increases with price increase → G (Luxury goods, e.g., Veblen goods)

iii) Scarce goods yielding utility → C (Economic goods)

iv) Goods assisting production → A (Capital goods)

v) Short life span goods → B (Perishable goods)

## SECTION B (70 Marks)

Answer all questions.

3. Differentiate the following concepts:

(a) Demand schedule and supply schedule:

Demand Schedule: A table showing the quantity of a good consumers are willing to buy at different prices.

Supply Schedule: A table showing the quantity of a good producers are willing to sell at different prices.

(b) Demand curve and supply curve:

Demand Curve: A graph showing the inverse relationship between price and quantity demanded, sloping downward.

Supply Curve: A graph showing the direct relationship between price and quantity supplied, sloping upward.

(c) Change in demand and change in quantity demanded:

Change in Demand: A shift of the demand curve due to factors like income or preferences (not price).

Change in Quantity Demanded: A movement along the demand curve due to a change in the price of the good.

(d) Change in supply and change in quantity supplied:

Change in Supply: A shift of the supply curve due to factors like production costs or technology (not price).

Change in Quantity Supplied: A movement along the supply curve due to a change in the price of the good.

(e) Joint demand and joint supply:

Joint Demand: Demand for goods used together, e.g., car and petrol; if demand for one rises, so does the other.

Joint Supply: Goods produced together, e.g., milk and butter; producing one increases the supply of the other.

4. There is an argument that, "production of various goods and services is important to individuals." Briefly explain five importance of production to individuals to justify this statement.

- i) Satisfies Needs: Production provides goods and services (e.g., food, clothing) to meet basic human needs.
- ii) Creates Employment: It generates jobs, providing individuals with income to support their livelihoods.
- iii) Improves Living Standards: Access to diverse goods and services enhances quality of life.
- iv) Encourages Innovation: Production drives the creation of new products, improving efficiency and convenience.
- v) Economic Growth: It increases wealth and resources in society, benefiting individuals through better infrastructure and services.

5. Mr Juma is planning to transport vegetables from Morogoro to Dar es Salaam using either road or railway transport. He invited you to advise him on the type of transport so that, he can make decision on his plan. By giving five advantages, convince him to use road rather than railway transport.

- i) Door-to-Door Service: Road transport can deliver vegetables directly from farm to market, unlike railways which require additional transport to stations.
- ii) Flexibility: Road transport offers flexible routes and schedules, adjusting to Mr. Juma's needs, while railways have fixed timetables.
- iii) Speed for Short Distances: For the relatively short distance between Morogoro and Dar es Salaam, road transport is faster than rail, which may involve delays.
- iv) Lower Risk of Damage: Vegetables are perishable; road transport allows quicker delivery, reducing spoilage compared to potentially slower rail transport.
- v) Cost-Effective for Small Loads: Road transport is more economical for smaller quantities of vegetables, as railways often require larger shipments to be cost-effective.

6. Assume your name have been short listed for an interview to work with Wajasiriamali Company. How would you explain the following entrepreneurship concepts to the interview panelist?

(a) Entrepreneurship:

Entrepreneurship is the process of identifying opportunities, taking risks, and creating a business to produce goods or services for profit.

(b) Self-employment:

Self-employment is when an individual works for themselves, managing their own business and earning income directly from their efforts.

(c) Entrepreneurial skills:

Entrepreneurial skills are abilities like innovation, decision-making, and risk management that help individuals start and grow a business successfully.

(d) Motivation:

Motivation in entrepreneurship is the drive, either internal (e.g., passion) or external (e.g., profit), that pushes individuals to achieve business goals.

(e) Employment:

Employment refers to working for someone else or a company in exchange for a salary, unlike self-employment where one works for themselves.

7. Describe five features which differentiate successful entrepreneurs from unsuccessful entrepreneurs.

i) Hard-Working: Successful entrepreneurs are dedicated and persistent, while unsuccessful ones may lack effort.

ii) Innovative: Successful entrepreneurs create new ideas or solutions, whereas unsuccessful ones often follow outdated methods.

iii) Risk Management: Successful entrepreneurs take calculated risks and manage them well; unsuccessful ones may avoid risks or take reckless ones.

iv) Decision-Making: Successful entrepreneurs make informed, timely decisions, while unsuccessful ones may procrastinate or make poor choices.

v) Adaptability: Successful entrepreneurs adapt to market changes; unsuccessful ones resist change, leading to failure.



8. Briefly explain the following concepts in relation to commerce:

(a) Transportation:

Transportation is the movement of goods, people, or services from one place to another, facilitating trade and distribution in commerce.

(b) Terminal:

A terminal is a designated point where goods or passengers are loaded, unloaded, or transferred during transportation (e.g., a bus or shipping terminal).

(c) Air way bill:

An air way bill is a document issued by an airline for air transport, detailing the shipment's contents, sender, and receiver, acting as a contract.

(d) Ways:

Ways refer to the routes or paths used for transportation, such as roads, railways, airways, or waterways, in the movement of goods.

(e) Charter party:

A charter party is a contract for hiring a ship (or part of it) for a specific voyage or time period, used in maritime transport.

9. The business of Mr. Pesa showed the following information as on 31st December 2020. Stock at start Tshs 42,000, Sales Tshs. 140,000/=, Purchases Tshs. 78,000/= and stock at 31st Dec. 2020 was Tshs 20,000/=. Use the information provided to calculate:

(a) Average stock:

Average stock = (Stock at start + Stock at close) / 2

= (42,000 + 20,000) / 2 = 62,000 / 2 = 31,000

Answer: Average stock = Tshs. 31,000

(b) Cost of sales:

Cost of Sales = Stock at start + Purchases - Stock at close

= 42,000 + 78,000 - 20,000 = 120,000 - 20,000 = 100,000

Answer: Cost of sales = Tshs. 100,000

(c) Gross profit:

Gross Profit = Sales - Cost of Sales

$$= 140,000 - 100,000 = 40,000$$

Answer: Gross profit = Tshs. 40,000

(d) Rate of stock turnover:

Rate of Stock Turnover = Cost of Sales / Average Stock

$$= 100,000 / 31,000 \approx 3.23 \text{ times}$$

Answer: Rate of stock turnover = 3.23 times

(e) Gross profit margin percentage:

Gross Profit Margin = (Gross Profit / Sales)  $\times$  100

$$= (40,000 / 140,000) \times 100 \approx 28.57\%$$

Answer: Gross profit margin percentage = 28.57%

#### SECTION C (15 Marks)

Answer question ten (10).

10. Mwenyeji is a business man who deals with buying and selling of wheat flour. He buys his stock in bulk from Azam industry in Dar es Salaam and sells the product to different retailers in Mbeya region. In five points, explain how Mwenyeji facilitates Azam industry in its daily business activities.

i) Bulk Purchasing: Mwenyeji buys wheat flour in bulk, reducing Azam's inventory holding costs and ensuring steady sales.

ii) Market Expansion: He sells to retailers in Mbeya, expanding Azam's market reach beyond Dar es Salaam.

iii) Distribution: Mwenyeji handles transportation and distribution to retailers, saving Azam logistical costs and efforts.

iv) Breaking the Bulk: He divides large quantities into smaller units for retailers, making Azam's products accessible to smaller buyers.

v) Feedback Provider: Mwenyeji provides Azam with market feedback from retailers and consumers, helping improve products or strategies.